

# HOUSE BILL No. 5339

October 23, 2007, Introduced by Reps. Meltzer, Amos, Nofs, Miller, Wenke, Robertson, Schuitmaker, Knollenberg, Brandenburg and Stakoe and referred to the Committee on Government Operations.

A bill to amend 1994 PA 350, entitled  
"Public employee retirement benefits forfeiture act,"  
by amending sections 3 and 4 (MCL 38.2703 and 38.2704), section 4  
as amended by 1996 PA 467.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 3. A member or retirant who is convicted of or who enters  
2 a nolo contendere plea accepted by a court for a felony arising out  
3 of his or her service as a public employee is considered to have  
4 breached the public trust and ~~may~~**SHALL** have his or her rights to  
5 an otherwise vested retirement benefit and all accumulated  
6 contributions standing to that person's credit in the retirement  
7 system forfeited as provided in this act. This act applies only to  
8 the retirement system of which the person was a member or retirant  
9 at the time the felony was committed and only to the retirement

1 system established by the entity affected by the felony.

2       Sec. 4. (1) If a member or retirant is convicted of or enters  
3 a nolo contendere plea accepted by the court for a felony arising  
4 out of his or her service as a public employee, the court ~~may~~ **SHALL**  
5 order forfeiture as provided in this section. ~~If a court orders~~  
6 ~~forfeiture under this section, the~~ **THE** order shall contain all of  
7 the following, as applicable:

8       (a) The portion of the member's or retirant's retirement  
9 benefit under a retirement system established by that person's  
10 employer at the time the act or acts that resulted in the felony  
11 were committed that accrued to that member or retirant on or after  
12 the date the first act that resulted in the felony was committed is  
13 forfeited.

14       (b) The member's or retirant's accumulated contributions  
15 standing to that person's credit in the individual account  
16 established for that purpose in the retirement system shall be  
17 refunded to the member or retirant.

18       (c) The retirement system shall pay to an individual, if any,  
19 who would otherwise be a beneficiary of the member or retirant  
20 whose retirement benefit is being forfeited under this act an  
21 actuarially equivalent monthly retirement allowance at the age that  
22 member or retirant would have become eligible for unreduced  
23 retirement benefits under that retirement system.

24       (d) The retirement system shall **NOT** provide hospitalization  
25 and medical coverage insurance to the member or retirant whose  
26 retirement benefit is being forfeited under this act ~~and~~ **BUT SHALL**  
27 **PROVIDE HOSPITALIZATION AND MEDICAL COVERAGE INSURANCE** to his or

1 her beneficiaries in the same manner and under the same  
2 restrictions as is provided to other retirants and beneficiaries of  
3 that retirement system.

4 (2) If a court enters an order described in subsection (1),  
5 the clerk of the court shall deliver the order to the retirement  
6 system.